

Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 03106 251516 Z

47

ACTION EB-11

INFO OCT-01 AF-10 ARA-11 EA-11 EUR-25 NEA-10 RSC-01 ADP-00

AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02 H-02

INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10 PA-03 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 OIC-04 IO-13 RSR-01 /225 W

----- 043712

R 251421 Z JUN 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 0019

INFO AMEMBASSY ATHENS

AMEMBASSY BELGRADE

AMEMBASSY CAIRO

AEMBASSY HELSINKI 326

AMEMBASSY MADRID

USMISSION EC BRUSSELS

USMISSION OECD PARIS

LIMITED OFFICIALUSE GENEVA 3106

E. O. 11652: N/A

TAGS: ETRD, GATT, SP, FI, EG, YO, GR

SUBJ: GATT: BALANCE- OF- PAYMENTS COMMITTEE, JUNE 18-22

REF: A) STATE 117355; B) STATE 118038

BEGIN SUMMARY: COMMITTEE HEARD IMF DETERMINATION THAT SPANISH RESTRICTIONS CAN NO LONGER BE JUSTIFIED ON BOP GROUNDS, CONCLUDED THAT GATT BOP PROVISIONS NO LONGER APPLICABLE IN CASE OF SPAIN AND INVITED GOS TO RECONSIDER ITS POSITION WITH REGARD TO REMAINING RESTRICTIONS. FULL CONSULTATIONS WILL BE HELD WITH YUGOSLAVIA AND GREECE (DESPITE GREEK AMBASSADOR'S STRONG OBJECTIONS), BUT COMMITTEE RECOMMENDED ABBREVIATED PROCEDURE FOR EGYPT.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 03106 251516 Z

FINISH CONSULTATION ROUTINE. END SUMMARY

1. SPAIN

A. COMMITTEE HEARD IMF STATEMENT, BASED IN PART ON JUNE 1 EXECUTIVE BOARD DECISION, BUT ADDING, " THE FUND BELIEVES THAT IN VIEW OF SPAIN' S BALANCE OF PAYMENTS AND RESERVE POSITION, RESTRICTIONS ON IMPORTS CAN NO LONGER BE JUSTIFIED ON BALANCE- OF- PAYMENTS GROUNDS." FUND REP (GERHARD) SAID PRIVATELY THIS WAS IMF' S STRONGEST STATEMENT IN BOP COMMITTEE SINCE 1959 EXAMINATION OF ITALIAN RESTRICTIONS.

B. AFTER HEARING IMF STATEMENTS COMMITTEE CONCLUDED THAT GROUNDS FOR CONSULTATION NO LONGER EXISTED. SPANISH ECONOMIC SITUATION AND IMPORT RESTRICTIONS WERE THEREFORE NOT EXAMINED SO THAT US HAD NO OPPORTUNITY TO ASK FOR DETAILS OF RECENT LIBERALIZATION, WHICH SPANIARDS DID NOT MENTION IN OPENING STATEMENT. REPORT CONCLUDES THAT " THE COMMITTEE, HAVING HEARD THE DETERMINATION OF THE FUND, AND IN PARTICULAR THE FUND' S VIEW THAT SPANISH RESTRICTIONS COULD NO LONGER BE JUSTIFIED ON BALANCE- OF- PAYMENTS GROUNDS, RECALLED THE PROVISIONS OF ARTICLE XV:2 OF THE GENERAL AGREEMENT AND CONCLUDED THAT GATT BALANCE- OF- PAYMENTS PROVISIONS, UNDER ARTICLES XII OR XVIII: B, WERE NO LONGER APPLIABLE IN THE CASE OF SPAIN. THE COMMITTEE THEREFORE INVITED THE SPANISH GOVERNMENT TO RECONSIDER ITS POSITION WITH REGARD TO ITS REMAINING IMPORT RESTRICTIONS."

C. SPAIN (CASTILLO, COMMERCE MINISTRY) REGRETTED FUND AND COMMITTEE DECISIONS ON GROUNDS THEY DID NOT TAKE ADEQUATE ACCOUNT OF SPANISH LIBERALIZATION MEASURES AND ALLEGED POTENTIAL THREAT TO SPANISH RESERVES REPRESENTED BY GROWING TRADE DEFICIT AND DEPENDENCE ON TOURISM, WORKERS' REMITTANCES AND FOREIGN INVESTMENT. FRANCE WISHED TO WEAKEN COMMITTEE CONCLUSIONS, BUT FIRM UK STAND IN EC COORDINATION MEETING KEPT COMMUNITY IN LINE. IMF REP SAID PRIVATELY THAT FUND STAFF BELIEVES STRONG IMF/ GATT POSITION WILL STRENGTHEN FORCES IN GOS WHICH ARE PUSHING FOR FURTHER LIBERALIZATION.

2. FINLAND: COMMITTEE NOTED THAT FINNISH RESERVES HAD DECLINED FROM 2,564 TO 2,190 MILLION FMK DURING FIRST FIVE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 03106 251516 Z

MONTHS OF 1973 BUT HOPED THAT GOF WILL RESUME EFFORTS TO LIBERALIZE REMAINING IMPORT RESTRICTIONS. REPORT RECORDS CONTINUING US CONCERN WITH MOTOR VEHICLE TAX AND IMPORT RESTRICTIONS ON CANNED FRUITS AND VEGETABLES. FINLAND (HAMALAINEN, MFA) EXPLAINED THAT RECENTLY- INTRODUCED CASH PAYMENTS SYSTEM IS IDENTICAL TO THAT IN FORCE DURING 1971

AND 1972; SYSTEM COVERS ABOUT ONE QUARTER OF TOTAL IMPORTS BUT IS ONLY EXPECTED TO AFFECT SPECULATIVE STOCKBUILDING.

3. YUGOSALV, GREEK AND EGYPTIAN REPORTS UNDER L/3772/ REV. 1 PROCEDURES:

A. YUGOSLAVIA WILLINGLY ASSENTED TO US REQUEST FOR FULL CONSULTATION, BUT GREECE (AMB. VELISSAROPOULOS) STRONGLY RESISTED SIMILAR REQUEST FROM JAPAN AND US ON GROUNDS THAT LARGE TRADE DEFICIT JUSTIFIES IMPORT RESTRICTIONS AND FULL CONSULTATION THEREFORE UNNECESSARY. CHAIRMAN POINTED OUT GREEK INTERPRETATION DOES NOT ACCORD WITH ARTICLE XVIII, AND IMF REP NOTED GREECE'S COMFORTABLE LEVEL OF RESERVES. HOWEVER, NO OTHER MEMBER DESIRED FULL CONSULTATION AND GREECE REMAINED ADAMANT. US (STEWART) THUS OBLIGED TO RECALL THAT EVEN ONE MEMBER CAN FORCE FULL CONSULTATION UNDER NEW PROCEDURES. OTHER MEMBERS SUPPORTED THIS INTERPRETATION AND AGREED TO HOLD FULL CONSULTATION.

B. COMMITTEE RECOMMENDED TO COUNCIL THAT EGYPT BE DEEMED TO HAVE CONSULTED WITH CPS AND TO HAVE FULFILLED ARTICLE XVIII:12(B) OBLIGATIONS FOR 1973. NO OTHER MEMBER SHOWED ANY INTEREST IN FULL CONSULTATION, AND SECRETARIAT BELIEVES THAT REJECTION OF ABBREVIATED PROCEDURE IN THIS CASE WOULD HAVE DISCOURAGED OTHER LDCS FROM SUBMITTING STATEMENTS REQUESTED IN PARAS 3 AND 5 OF L/3772/ REV. 1. MISSION CONCURS.

4. WORK PROGRAM: SECRETARIAT ANNOUNCED THAT OUT OF 14 LDCS INVOKING ARTICLE XVIII ONLY EGYPT, GREECE, YUGOSLAVIA, SRI LANKA, AND KOREA HAVE SUBMITTED STATEMENTS REQUESTED IN PARA 3, L/3772/ REV. 1. TWENTY-SEVEN OTHER LDCS WERE INVITED TO CLARIFY THEIR RESTRICTIONS PER LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 GENEVA 03106 251516 Z

PARA 5, BUT ONLY CYPRUS, MALTA, MAURITIUS, AND CAMEROON HAVE DONE SO, NONE INVOKING ARTICLE XVIII. COMMITTEE WILL MEET IN LATE AUGUST TO CONSIDER REPORTS FROM SRI LANKA, KOREA AND ANY OTHER LDCS RESPONDING BEFORE THAT TIME. FOLLOWING MEETING WILL BE HELD IN LATE NOVEMBER OR EARLY DECEMBER FOR FULL CONSULTATIONS WITH ICELAND AND ISRAEL, PLUS CONSIDERATION OF ANY FURTHER ARTICLE XVIII REPORTS RECEIVED. FULL CONSULTATIONS WITH GREECE AND YUGOSLAVIA MAY BE HELD AT THAT TIME OR AT COMMITTEE'S FIRST MEETING IN 1974. BASSIN

LIMITED OFFICIAL USE

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GENEVA03106
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730627/aaaajlzo.tel
Line Count: 170
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 117355; B) STATE 118038
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12-Sep-2001 by martinml>; APPROVED <09-Nov-2001 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980223
Subject: GATT: BALANCE-OF-PAYMENTS COMMITTEE, JUNE 18-22
TAGS: ETRD, EG, FI, GR, SP, YO, GATT
To: EB
SECSTATE WASHDC INFO ATHENS
BELGRADE
CAIRO
MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

